

Memorandum

To: Panel Members

From: Charles Rufo, Manager
Peter DeMauro, General Counsel

Subject: One-Step for **Vision Service Plan**
<http://www.vsp.com>

Date: August 22, 2002

Analyst: J. Daunt

CONTRACTOR:

- Training Project Profile: Retraining: companies with out-of-state competition
- Legislative Priorities: Developed jointly by management and workers
Moving to a High Performance Workplace
- Type of Industry: Services
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 2,212
 - In California: 2,000
- Fringe Benefits: Yes
- Union Representation: Yes
- Name and Local Number of Union representing workers to be Trained: Chauffeurs, Teamsters and Helpers Local No. 150
(affiliated with the International Brotherhood of Teamsters, AFL-CIO)

CONTRACT:

- Program Costs: \$1,554,527
- Substantial Contribution:
- Total ETP Funding: \$1,554,527
- In-Kind Contribution: \$1,600,000
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Sacramento, Los Angeles, San Francisco
- Duration of Agreement: 24 months

SUBCONTRACTORS:

Deloitte & Touche, LLP, Sacramento, California, 13.04 percent of funds *earned*, for Administrative Services.

THIRD PARTY SERVICES:

Deloitte & Touche, LLP, Sacramento, California, assisted in the preparation of the Application, Training Plan, and Application documents for a fee not to exceed 15 percent of funds *earned*.

PRIOR PROJECTS:

None

ACTIVE PROJECTS:

None

NARRATIVE:

Vision Service Plan is eligible for ETP funding under Title 22, California Code of Regulations, Section 4416(a)(3, 4) as a California company with three locations (Rancho Cordova, Long Beach, and San Francisco, California) all three of which provide services to customers located both in state and out of state.

Founded in 1955 in Oakland, California, Vision Service Plan (VSP) has grown to become one of the leading eye care benefits providers in the United States, with approximately 35 million customers. As a vision service plan provider, VSP has a customer base comprised of the following: 1) client companies (employers) providing the vision care coverage to their employees, 2) the client company employees themselves and their dependents, and 3) the member doctors.

Besides traditional forms of eye care, types of vision care that have more recently become available include laser eye surgery, disposable contact lenses, preventive eye care, and advanced treatments of eye disease. Vision Service Plan employees are required to have up-to-date information so they can advise individual and group members appropriately with respect to what is covered or available under a particular plan. They must also be able to discuss all types of coverage available.

Because VSP provides seven-day per week service, adapting to significant changes in modes of communication is an area which requires improvement. VSP is currently implementing web-chat technology in addition to telephone communication, and has made significant investments in its on-line and web-based communication systems. For full implementation, training is required.

VSP is also making significant investments in its sales group in order to capture market share from its competitors. In order to compete, the company must provide extensive coverage and be customized to meet the clients' needs.

NARRATIVE: (continued)

Vision Service Plan's training curriculum has been designed to enhance its relationships with members, doctors, and other users of the vision plans. The training is customized and necessary to meet VSP's high client service expectations. The company is proposing to provide its employees with a curriculum consisting of training in Business Skills, Commercial Skills, Computer Skills, and Management Skills.

Business Skills: Training in Business Skills will be provided to Accountants, Administrative Assistants, Business Analysts, Buyers, Claims Processors, Clerks, Customer/Client Services Representatives, Facilities Personnel, Finance Personnel, Human Resources Personnel, Information Technology Personnel, Lab Support Staff, Lab Technicians, Managers, Marketing Personnel, Ophthalmic Services Personnel, Programmers, Project Managers, Provider Relations Specialists, Receptionists, Sales Personnel, Supervisors/Team Leaders, Support Staff, and Training Personnel, in all Job Numbers except Job 2 (out of a total of ten Job Numbers). The focus will be on providing employees with a broad spectrum of Business Skills including sales techniques, self-management techniques, communication skills, documentation, evaluation, and related processes as detailed in the curriculum, as well as the means to implement these new skills in the workplace. Vision Service Plan officials expect this training to improve the company's ability to satisfy its regular customers and develop new ones.

Commercial Skills: Training in Commercial Skills will be provided to Administrative Assistants, Business Analysts, Buyers, Claims Processors, Clerks, Customer/Client Services Representatives, Managers, Project Managers, Receptionists, Supervisors/Team Leaders, Support Staff, and Training Personnel, in Jobs 2, 3, 4, and 10. Vision Service Plan's current system for processing claims is limited and currently insufficient. The company's new ProClaims system will allow employees, in addition to processing claims, to track, examine, and include information such as diagnosis codes, procedure codes, and numerous other items of information, whether a patient is new or established. Training is required in the use of ProClaims and will focus on ensuring that VSP's current tracking systems can be changed to accommodate requirements for plan coverage. Also, VSP's call center is in the process of changing to a high performance "contact center," where users can receive service at any time of day or night utilizing various means of communication like e-mail and web chats. Training in Egain and Web Collaboration (software programs) is necessary to assist call center employees in utilizing these new modes of communication in order to provide a higher level of customer service. In addition, VSP requires training in the Out-of-Network (OON) Reengineering process. This training will play an important role in helping VSP accommodate changes in customer demands. Often patients will decide on a care provider that is not part of VSP. Currently it is very expensive to process these types of claims. However, the OON system will reduce processing time and costs by 30%. Training in all these areas is required in order to ensure optimal implementation.

Computer Skills: Training in Computer Skills will be provided to Accountants, Administrative Assistants, Business Analysts, Buyers, Claims Processors, Clerks, Customer/Client Services Representatives, Facilities Personnel, Finance Personnel, Human Resources Personnel, Information Technology Personnel, Lab Support Staff, Lab Technicians, Managers, Marketing Personnel, Ophthalmic Services Personnel, Programmers, Project Managers, Provider Relations Specialists, Receptionists, Sales Personnel, Supervisors/Team Leaders, Support Staff, Training Personnel, in Jobs 1, 5, 6, 8, and 9. Current knowledge of the various softwares in use at Vision Service Plan is uneven and patchy among employees. In order to accommodate the company's constantly changing needs, it is important that employees in these occupations receive significant computer skills training. These trainees will receive new computer software training in a variety of new programs that will streamline processes in VSP's call center, claims department, and sales departments. In addition, for the employees in the information services (IS) department, training will be provided to ensure that IS employees can build customized websites both for internal customers as well as for various clients and group vision plans. In addition, IS

NARRATIVE: (continued)

employees need to be more knowledgeable about the new infrastructure required to run these specialized systems. Computer Skills training will ensure that all infrastructures and systems at VSP are being utilized and interfaced at an optimal level.

Management Skills: VSP is also including Management Skills training in its contract, for Managers. Because many of the management personnel have been and are being promoted due to technical skills rather than managerial skills, the company has determined that the need for this training exists. The Management Skills portion of the curriculum has been designed to provide skills to fill this deficiency and thereby assist the company in providing the best and most efficient customer service. Of the 1,896 trainees in this project, 123 are managers.

Vision Service Plan's goals for the training program include greater product and process awareness among employees company-wide, improved productivity, higher performance, and consequent enhancement of overall business viability.

Supplemental Nature of Training

At Vision Service Plan, the following training has been and will continue to be provided to various VSP employees on an as-needed basis, separate and apart from the ETP proposed training: general computer skills for clerical and administrative support staff, leadership skills for those seeking promotion, new-hire orientations, refresher training for those needing individualized attention, training courses related to new company-wide initiatives, general sales training (e.g., how to close the deal), general claims training (e.g., how to process a simple claim), basic customer service training (e.g., how to take a call).

The training contained in the current proposal will not displace this training at VSP. The training in the ETP program will go beyond the training currently provided. VSP has taken a broader approach to training with the goal of preparing employees for extended careers with the company and future promotions.

Company officials state that VSP has become more focused on the importance of interdepartmental training, and has prepared for a more organized, efficient approach to the provision of training. Generally, training at VSP has been delivered on an as-needed basis in the past; however, for the current proposal, the company has determined that a more structured approach will ensure that the occupational skills, which the current training plan is designed to enhance, will address the company's training needs with significantly greater efficiency and impact than has been possible under earlier training methods.

Company officials state that without the training contained in the current proposal, and the skills the training will impart, VSP employees will not be able to function efficiently or effectively in their jobs to provide the level of customer service required to retain a competitive edge in the market. Without ETP training funds, VSP could not provide the requested supplemental training to update their workers' skills within the timeframes needed to successfully achieve the company's workplace goals. VSP is not receiving training funds from any other source and has no plans to receive training funds from any other source.

In-Kind Contribution

Vision Service Plan will pay all trainees' wages and benefits, while these workers are training in this program, at estimated cost of \$2,095,047.

COMMENTS:

All training is classroom/laboratory. There is no structured, on-site training (SOST).

Of the 1,896 trainees in this project, 1,773 meet the definition of frontline worker under Title 22 California Code of Regulations, Section 4400(ee). Additionally, 107 Managers and 16 Project Managers will be participating in the project, representing 6.5 percent of the trainees. The 40 percent maximum for managers and supervisors specified in the regulations does not apply to High Performance Workplace projects.

Vision Service Plan has certified in writing that no senior-level managers or executive staff who set company policy will be included as trainees.

PROPOSED ACTION:

Staff recommends that the Panel find Vision Service Plan's application reasonable and approve the One-Step Agreement, if funding is available and the project meets Panel's priorities. Company officials have stated that the training outlined in this proposal will provide employees with the occupational skills needed to move toward high performance and thereby improve productivity and enhance overall business viability.

TRAINING PLAN:

Job Number / Trainee Type	Types of Training	Number to Retain	Number Class/Lab Videocnf. Hrs	Number CBT Hrs	Number SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
1 – 10 / Retrainee	Business Skills Commercial Skills Computer Skills Management Skills	1,896	40 – 200	0	0	\$520- \$2,600	*\$11.24- \$56.26
					<u>Range of Hourly Wages</u>		
					*\$11.24-\$56.26		
					<u>Prevalent Hourly Wage</u>		
					\$11.70		
					<u>Average Cost per Trainee</u>		
					\$820		
<u>Health Benefit used to meet ETP minimum wage:</u>					<u>Turnover Rate</u>		<u>% of Mgrs & Supervisors to be trained:</u>
* Health, dental, and/or vision benefits of at least \$1.36 per hour will be added to the trainees' hourly wages to satisfy the ETP minimum hourly rate of \$11.24 for Sacramento County, \$11.78 for Los Angeles County, and \$12.16 for San Francisco County.					15%		6.5%

Vision Service Plan – Menu Curriculum

Hours
Class / Lab
40-200

Trainees will receive any of the following:

BUSINESS SKILLS

Upward Evaluation Training

Giving Effective Feedback
Interview and Selection Techniques in Current Environment
Managing Inclusion
Managing the Change Process
Performance Management
Salary Administration
Ergonomics Update
Issues in Current Environment

Primary Business Skills Training Plan

Business Writing
Compensation
Competitive Advantage
Department Training
Facilitation
Inclusion Workshop
Issues in Current Environment
Managing Personal Growth
Managing the Change Process
Managing Vision and Purpose
Meeting Management
Navigating Change
Performance Documentation
Performance Management
Personal/Professional Objectives
Sea of Change
Upper Evaluation

New Sales Training Plan

Products
Competition
Underwriting
Sales and Presentation Skills
Group structure

Sales Techniques

New Sales Support Training
New ROM/ROS Training (ROM/ROS is the software name)
New Sales Techniques
New Product Training
New Procedure Training
Industry Analysis

COMMERICAL SKILLS

Call Center Training

Focal Point Training

Egain Training (Egain = the name for software used to respond to e-mail queries)

Member and Provider System (MAPS) Queue Training

Web Collaboration & Web Chat

Flex Marketing

New Contact Center System (CCS) Express (Agent Desktop)

Laser VisionCare for Authorizers

Check Group Eligibilities

WellVision ProClaim

New Frame allowance calculation

New Contact Lens benefit

Rapid Access Knowledge System (RAKS) Search Engine Optimization

Authorization Queue Training

Legendary service

Brand

Customer report card

Human resource side of interaction

The 4 A's (Acknowledging, Appreciating, Affirming, Assuring)

Core service

The 4 things customers want

Members

Clients

Business side of interaction

Claims Services Training

Claims Processing System Training (various levels)

Process Improvement Training

Procedure Changes for Coordination of Benefits

Coordination of Benefits

Out-of-Network (OON) Re-engineering

Phone Skills

Contact Lens Adjustments

Procedure Changes and updates for Out-of-Network (OON) Re-engineering

Client Service Training

Collection Management Training

VSP Resource Center Training

Business Partner Training

Project Related Training

Primary Client Services Employee Training

Process

Procedures

Applications

Out of Network Claims Processing

ProClaim Processing

Benefits Analysis

COMPUTER SKILLS

Access Training

Access 2000

Power Point 2000

HTML Scripting (HTML = software used to create web pages)
Project 98
Customizing Excel Using Macros
HTML Fundamentals (HTML = software used to create web pages)
Access 97
Access 97 VB Programming
Active Server Pages
Excel Analysis Tools
Intro to Networking

Project 2000

Project 2000 Intro
Word 97 Automation Features
Build Client Server Application w/Access 2000

PC Coordinator Survival

PC Coordinator Survival
Hands on PC Troubleshooting
Data Recovery Techniques & Disk Drive Troubleshooting
SAS Programming Fundamentals (SAS = a reporting tool used in the databases)
Client Server A Technical Overview
Project 98/2000 Advanced
SAS Programming (SAS = a reporting tool used in the databases)
Report Writing in SAS Software (SAS = a reporting tool used in the databases)
TSO & JCL for Business Experts (TSO & JCL = mainframe programming languages used to help batch jobs run on mainframes)
Basic JAVA Programming (JAVA = programming language)
Macros in SAS Software (SAS = a reporting tool used in the databases)
Problem Solving
Hands-On JAVA Script (JAVA = programming language)

Access 97

Active Server Pages
A+ 1st Look Operating System
Access 97

New Horizon

Crystal Reports 7 Beginning
Implementing & Supporting MS Win XP (MS Win XP is an operating system)
Object Oriented Analysis & Design
Getting Started w/DB2's SPUFI (DB2's SPUFI is a programming tool that allows employees to query database for information)
Effective Business Requirements
Practical Project Management Workshop

COMPUTER SKILLS (continued)

Project Management Overview Workshop

DB2 Programming (DB2 = mainframe database application)

DB2 SQL (DB2 SQL = a data extracting tool)

HTML 4 Programming (HTML = software used to create web pages)

Project Management Fundamental

Implementing & Supporting Win XP Pro (the name of the operating system)

XML Intro (XML is a web development tool)

Management Development Program

JAVA for COBOL Programmers (JAVA & COBOL = programming languages)

Web Page Creation

Unix Intro

Technical Writing & Documentation

Sales Computer System Training

Windows XP (XP is the name of the operating system)

Email Management

Mobile Device

Live Link/Central Group

VSPNET Sales v3 (VSPNET is the name for Vision Service Plan's (VSP's)
intranet Homepage where the company shares information)

Process Improvement

MANAGEMENT SKILLS

Managers in Jobs 8 and 9 only

Management Training

Giving effective feedback

Interview and Selection Techniques in Current Environment

Managing inclusion

Managing the change process

Performance management

Salary administration

Management Issues in Current Environment

Primary Manager Training

Ergonomics

Aspects of management

Managing the change process

Performance management